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Part 1 of 2

5 Dangerous Trends Facing Pharmacy Business Sellers

Over the last twenty-five years business has been good for the average pharmacy owner, many have become wealthy beyond their dreams.

However, in recent times matters have changed and the NHS “call to action” should have been a starting point for galvanising action to make a case for pharmacies of the future playing a central role.

Many pharmacy owners are simply not ready for the challenges that are likely to arrive at their door step and some are unlikely to survive.

Five most dangerous trends facing pharmacy business owners today, this article is very basic and an abridged version of our main report which was too large to e-mail.



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1. Trend One

Many pharmacy businesses are still stuck in the past. Failing to keep up with changes that are occurring everyday, many of these owners often tell me that things have not changed much over the last 10-15 years and they have seen it all before. However, with the NHS projected to incur a deficit of £1 billion in the current year and an enormous £30 billion over the next 5 years some owners have repositioned their businesses, so as to embrace the future and take advantage of opportunities that they predict will unravel. Their confidence is based on moving faster than their competitors. The future will belong to those pharmacy businesses who engage with patients and satisfy their increased need for information and services, those that fail to do this are likely to be deserted. One pharmacy I recently visited simply by being better organised and ready to engage with patient needs and actually learning how to retail increased turn over by 25% over one financial year. These patients came from somewhere and used to be some other pharmacies' patients not so long ago.

2. Trend Two

Some pharmacies that have not done well in the past, but appear to have the right ingredients for success in the future are being sold by owners based on the past. Their lack of information often leads them to cash out far earlier than they should, and often to the benefit of the new owners.

3. Trend Three

Some pharmacy owners are failing to anticipate threats that in many cases are obvious, by failing to deal with these threats they often leave themselves open to attack by competitors. These businesses can collapse within months. In one case a business worth over £1 million just several months prior ended up virtually valueless due to the arrogance of the once mighty owner. I was fully aware of the position and tried to offer a consultancy service which was brushed aside. The owner called me when it was too late.

4. Trend Four

Many business owners who sell out and fail to take care of the large sum of money, they often receive and often end up struggling in later life. To give an example, a pharmacy owner received over £2 million from the sale of his business and ended up gambling large amounts on the stock market due to lack of understanding

5. Trend Five

Some "sellers" deliberately fabricate information with a view to extracting money from buyers based on false information, I have been approached by several such characters and once we are confident that the information is false we reject these businesses and refuse to get involved. The business invariably ends up on the market through an agent who has no way of assessing whether the information in front of them is false, but invariably many such businesses end up unsold as buyers, many of whom are known to me, become aware of the situation and the "sellers" often fail to secure a sale at any price.

Bonus trends which are only available through ATS Accountants (0330-111-2954) are as follows:

6. Research by ATS Accountants showed that five out of six pharmacy business sellers were overpaying tax on average by £108k.
7. How selling tactics used by some "selling agents" have destroyed the value of many pharmacy businesses.
8. How packaging the deal can enhance value substantially, especially for larger groups.
9. Some pharmacy businesses with underlying structural issues are likely to struggle in the future and due to likely direction of the NHS of the future, careful analysis often indicates it is highly risky to hang on to these businesses. They are only for the brave.

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There are several other trends, however these are too complex to address here

Government health care budgets are already stretched due to sovereign debt. Further, the ageing population is putting increased pressure on government expenditure in the healthcare sector and the prevalence of chronic conditions in the population is rising. To put this into figures the population of over 65's currently standing at around 11 million is predicted to double in future years. This is a threat to some and a massive opportunity for those who are ready and able to reposition their businesses to meet the challenges of the NHS of the future

-The above is a shortened version of our original report which was based on my 25 years of experience in dealing with pharmacy businesses and was too large to e-mail

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